

WILTON COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS,
BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND SCHEDULE OF FINDINGS

JUNE 30, 2015

WILTON COMMUNITY SCHOOL DISTRICT

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WILTON COMMUNITY SCHOOL DISTRICT

Officials

June 30, 2015

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Linda Duncan	Board President	2015
Anthony Hurd	Board Vice President	2015
Gary Mauer	Board Member	2015
Tara Oien	Board Member	2017
Robert Metzger	Board Member	2017
School Officials		
Joe Burnett	Superintendent	2016
Joy Gehrls	District Secretary	Indefinite
Staci Owens-Kirkman	District Treasurer/Business Manager	Indefinite

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Independent Auditor's Report

To the Board of Education of
Wilton Community School District:

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Wilton Community School District, Wilton, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Wilton Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matters

As discussed in Note 13 to the financial statements, Wilton Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. My opinions are not modified with respect to this matter

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 15 and 51 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wilton Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated March 3, 2016 on my consideration of Wilton Community School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Wilton Community School District's internal control over financial reporting and compliance.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
March 3, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Wilton Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$7,839,410 in fiscal 2014 to \$8,241,546 in fiscal 2015, and General Fund expenditures decreased from \$8,119,573 in fiscal 2014 to \$7,637,308 in fiscal 2015. The District's General Fund balance increased from \$1,171,797 in fiscal 2014 to \$1,776,911 in fiscal 2015, a 52% increase.
- General Fund revenue increases were due to several variables from FY2014 to FY2015, including a cash reserve levy and increases in State Aid, tuition received from other districts, and Medicaid reimbursements. Expenditures decreasing from FY2014 to FY2015 are largely due to budget cuts as a result of declining enrollment; thus, causing the fund balance to increase.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Wilton Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Wilton Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Wilton Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and

related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds and enterprise funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
Wilton Community School District Annual Financial Report

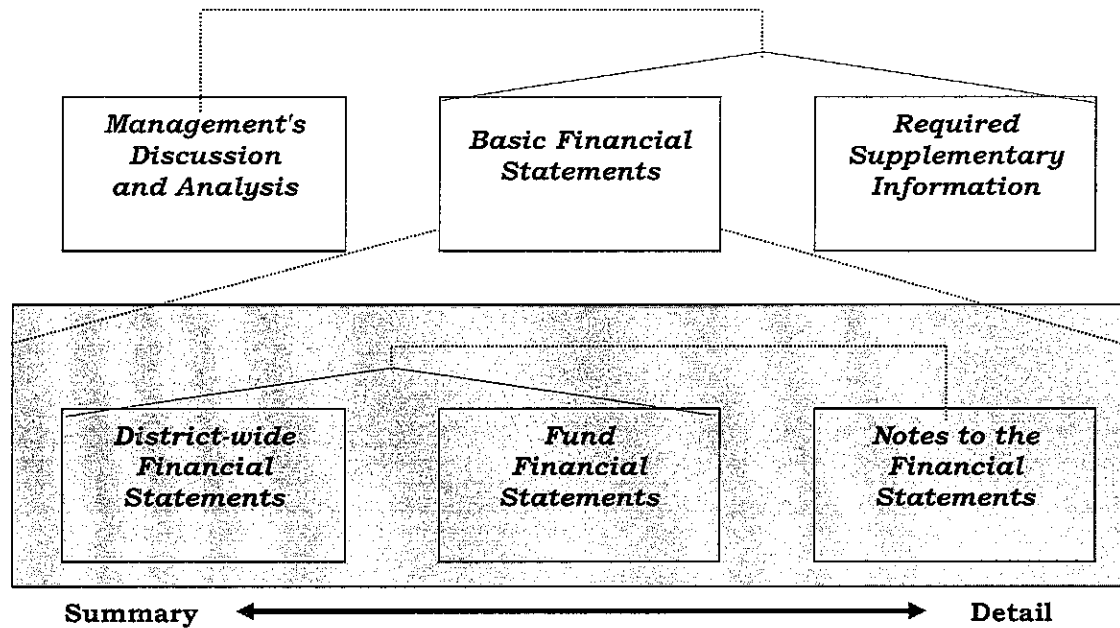


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services, FFA farm, pool and latchkey programs	Instances in which the District administers resources on behalf of someone else.
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow/inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of fund balance that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector

companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program, FFA farm operations, swimming pool operations and latchkey program are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Funds.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District currently has four enterprise funds, the School Nutrition Fund, FFA Farm Fund, Swimming

Pool Fund and Latchkey Fund. Internal service funds, the other type of proprietary fund, are optional and available to report activities that provide supplies and services for other District programs and activities. The District currently has two internal service funds, the Self-Insurance Fund and the Employee Flex Benefits Fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. This fund consists of Agency Funds.

- Agency Funds - These are funds through which the District administers and accounts for certain revenue collected for the community mentoring program and various trip funds.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2015 compared to June 30, 2014.

Figure A-3
Condensed Statement of Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-2015
Current and other assets	\$ 11,618,739	\$ 16,360,079	\$ 226,114	\$ 243,188	\$ 11,844,853	\$ 16,603,267	-28.66%
Capital assets	<u>15,534,200</u>	<u>8,789,893</u>	<u>34,216</u>	<u>37,508</u>	<u>15,568,416</u>	<u>8,827,401</u>	76.36%
Total assets	<u>27,152,939</u>	<u>25,149,972</u>	<u>260,330</u>	<u>280,696</u>	<u>27,413,269</u>	<u>25,430,668</u>	7.80%
Deferred outflows of resources	<u>417,175</u>	-	<u>15,436</u>	-	<u>432,611</u>	-	100.00%
Long-term liabilities	12,812,981	10,201,916	44,721	-	12,857,702	10,201,916	26.03%
Other liabilities	<u>1,576,614</u>	<u>327,857</u>	<u>16,593</u>	<u>19,144</u>	<u>1,593,207</u>	<u>347,001</u>	359.14%
Total liabilities	<u>14,389,595</u>	<u>10,529,773</u>	<u>61,314</u>	<u>19,144</u>	<u>14,450,909</u>	<u>10,548,917</u>	36.99%

Deferred inflows of resources	<u>4,653,256</u>	<u>3,498,640</u>	<u>19,358</u>	<u>-</u>	<u>4,672,614</u>	<u>3,498,640</u>	33.56%
Net position							
Net investment in							
capital assets	15,365,749	8,211,442	34,216	37,508	15,399,965	8,248,950	86.69%
Restricted	1,863,865	1,510,400	-	-	1,863,865	1,510,400	23.40%
Unrestricted	<u>(8,702,351)</u>	<u>1,399,717</u>	<u>160,878</u>	<u>224,044</u>	<u>(8,541,473)</u>	<u>1,623,761</u>	-626.03%
Total net position	<u>\$ 8,527,263</u>	<u>\$ 11,121,559</u>	<u>\$ 195,094</u>	<u>\$ 261,552</u>	<u>\$ 8,722,357</u>	<u>\$ 11,383,111</u>	-23.37%

The District's total net position decreased by approximately 23%, or \$2,660,754 from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$353,465, or 23% over the prior year.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$10,165,234, or approximately 626%. This reduction in unrestricted net position was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$3,861,810 and \$58,811, respectively, to retroactively, report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-4 shows the changes in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-4

Change in Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-2015
Revenues							
Program revenues							
Charges for service	\$ 976,638	\$ 886,672	\$ 484,118	\$ 529,486	\$ 1,460,756	\$ 1,416,158	3.15%
Operating grants	1,315,447	1,203,892	163,861	158,608	1,479,308	1,362,500	8.57%
General revenues							
Property tax	3,691,537	2,938,291	-	-	3,691,537	2,938,291	25.64%
Statewide sales, services and use tax	722,279	679,132	-	-	722,279	679,132	6.35%
Unrestricted state grants	3,498,004	3,420,356	-	-	3,498,004	3,420,356	2.27%
Contributions and donations	30,743	9,923	-	-	30,743	9,923	209.82%
Unrestricted investment earnings	21,253	10,356	346	259	21,599	10,615	103.48%
Other	35,246	218,237	-	-	35,246	218,237	-83.85%
Total revenues	<u>10,291,147</u>	<u>9,366,859</u>	<u>648,325</u>	<u>688,353</u>	<u>10,939,472</u>	<u>10,055,212</u>	8.79%
Program expenses							
Governmental activities							
Instruction	5,486,917	5,808,177	-	-	5,486,917	5,808,177	-5.53%
Support services	2,419,913	2,649,945	-	-	2,419,913	2,649,945	-8.68%
Non-instructional programs	8,982	9,794	655,972	672,999	664,954	682,793	-2.61%
Other expenses	1,066,133	957,904	-	-	1,066,133	957,904	11.30%
Special item							
Loss on disposal of capital assets	41,688	-	-	-	41,688	-	100.00%
Total expenses and special item	<u>9,023,633</u>	<u>9,425,820</u>	<u>655,972</u>	<u>672,999</u>	<u>9,679,605</u>	<u>10,098,819</u>	-4.15%
Change in net position	1,267,514	(58,961)	(7,647)	15,354	1,259,867	(43,607)	2989.14%
Net position beginning of year, as restated	<u>7,259,749</u>	<u>11,180,520</u>	<u>202,741</u>	<u>246,198</u>	<u>7,462,490</u>	<u>11,426,718</u>	-34.69%
Net position end of year	<u>\$ 8,527,263</u>	<u>\$ 11,121,559</u>	<u>\$ 195,094</u>	<u>\$ 261,552</u>	<u>\$ 8,722,357</u>	<u>\$ 11,383,111</u>	-23.37%

In fiscal year 2015, property tax and unrestricted state grants accounted for approximately 70% of governmental activities revenues while charges for service and sales and operating grants and contributions accounted for almost 100% of business type activities revenue. The District's total revenues were \$10,939,472 of which \$10,291,147 was for governmental activities and \$648,325 was for business type activities.

As shown in Figure A-4, the District as a whole experienced an 8.79% increase in revenues and a 4.15% decrease in expenses.

Governmental Activities

Revenues for governmental activities were \$10,291,147 and expenses and special item were \$9,023,633 for the year ended June 30, 2015.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-5

Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not restated)	Change 2014-2015	2015	2014 (Not restated)	Change 2014-2015
Instruction	\$ 5,486,917	\$ 5,808,177	-5.5%	\$ 3,528,971	\$ 4,041,556	-12.7%
Support services	2,419,913	2,649,945	-8.7%	2,397,411	2,634,923	-9.0%
Non-instructional programs	8,982	9,794	-8.3%	8,982	9,794	-8.3%
Other expenses	<u>1,066,133</u>	<u>957,904</u>	11.3%	<u>754,496</u>	<u>648,983</u>	16.3%
Total expenses	<u>\$ 8,981,945</u>	<u>\$ 9,425,820</u>	-4.7%	<u>\$ 6,689,860</u>	<u>\$ 7,335,256</u>	-8.8%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$976,638.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,315,447.
- The net cost of governmental activities was financed with \$3,691,537 in property and \$3,498,004 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2015 were \$648,325 representing a 6% decrease from the prior year, while expenses totaled \$655,972, a 3% decrease from the prior year. The District's business type activities include the School Nutrition Fund, FFA Farm Fund, Swimming Pool Fund and Latchkey Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Wilton Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$5,786,047 significantly below last year's ending fund balances of \$11,936,480. The primary reason for this decrease is the elementary building construction project.

Governmental Fund Highlights

- The General Fund balance increased from \$1,171,797 at June 30, 2014 to \$1,776,911 at June 30, 2015 due to budget cuts resulting in revenues exceeding expenditures in fiscal year 2015.
- The Capital Projects – Construction Fund balance decreased from \$9,270,045 at June 30, 2014 to \$2,172,043 at June 30, 2015 due to the construction of a new elementary building, K-12 cafeteria, and baseball complex.
- The Debt Service Fund balance increased from \$1,041 in 2014 to \$11,062 in 2015, due to excess funds remaining after levying taxes for and paying the first year of general obligation bonds issued in June 2014.

Proprietary Fund Highlights

Enterprise Fund net position decreased from \$202,741 at June 30, 2014 to \$195,094 at June 30, 2015, representing a decrease of approximately 4%. The decrease was primarily due to the related expenses for the net pension liability that were required due to the implementation of GASB Statement No. 68 during 2015.

BUDGETARY HIGHLIGHTS

Wilton Community School District did not amend its annual budget during the year ended June 30, 2015.

The District's revenues were \$215,194 more than budgeted revenues, a variance of approximately 2%.

Total expenditures were \$8,973,591 less than budgeted, due to potential building project expenditures which did not occur until after the end of fiscal year 2015. It is also the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$15,568,416 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 76% over last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$532,978.

The original cost of the District's capital assets was \$26,654,597. Governmental funds account for \$26,454,492, with the remainder of \$200,105 accounted for in the Proprietary Funds.

The largest change in capital asset activity during the year occurred in the construction in progress category, which increased from \$726,949 at June 30, 2014 to

\$6,460,796 at June 30, 2015. This increase was due to the elementary building construction project.

Figure A-6

Capital Assets, Net of Depreciation							
	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2014-2015</u>
Land	\$ 296,100	\$ 125,211	\$ -	\$ -	\$ 296,100	\$ 125,211	136.48%
Construction in progress	6,460,796	726,949	-	-	6,460,796	726,949	788.76%
Buildings and improvements	6,772,095	6,449,062	-	-	6,772,095	6,449,062	5.01%
Improvements other than buildings	1,432,710	859,234	-	-	1,432,710	859,234	66.74%
Furniture and equipment	<u>572,499</u>	<u>629,437</u>	<u>34,216</u>	<u>37,508</u>	<u>606,715</u>	<u>666,945</u>	-9.03%
Totals	<u>\$15,534,200</u>	<u>\$8,789,893</u>	<u>\$34,216</u>	<u>\$37,508</u>	<u>\$15,568,416</u>	<u>\$8,827,401</u>	76.36%

Long-Term Debt

At June 30, 2015, the District had \$12,857,702 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 12% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt since 1997. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$11.6 million.

Figure A-7

Outstanding Long-term Obligations			
	Total		Total
	School District		Change
	June 30,		June 30,
	<u>2015</u>	<u>2014 (restated)</u>	<u>2014-2015</u>
Governmental Activities			
General obligation bonds	\$ 9,375,000	\$ 9,785,000	-4.19%
Compensated absences	15,025	8,957	67.75%
Termination benefits	123,336	117,859	4.65%
Net pension liability	2,936,601	4,294,495	-31.62%
Net OPEB liability	<u>363,019</u>	<u>290,100</u>	25.14%
	12,812,981	14,496,411	-11.61%
Business type activities			
Net pension liability	<u>44,721</u>	<u>65,400</u>	-31.62%
Total	<u>\$12,857,702</u>	<u>\$ 14,561,811</u>	-11.70%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances which could significantly affect its financial health in the future:

- The District has experienced fluctuating enrollment for the past several years. The district expects unstable enrollment in the future, making it difficult to balance future budgets without making cuts or spending into unspent balance in the General Fund. The district's enrollment did increase in FY2015, but will not affect the district's financial situation until the following year.
- Fiscal 2014 was a one-year contract with the Wilton Education Association (WEA). The District negotiated a new agreement during fiscal 2014 for FY2015. Settlements in excess of "new money," or Supplemental State Aid, will have an adverse effect on the District's General Fund budget and related balances.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Staci Owens-Kirkman, District Treasurer/School Business Official, or Joe Burnett, Superintendent at the Wilton Community School District, 1002 Cypress Street, Wilton, Iowa 52778.

Basic Financial Statements

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2015

Exhibit A

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 7,439,189	\$ 212,079	\$ 7,651,268
Receivables			
Property tax			
Delinquent	23,442	-	23,442
Succeeding year	3,533,314	-	3,533,314
Accounts receivable	446	4,424	4,870
Income surtax	166,295	-	166,295
Due from other governments	455,805	-	455,805
Due from other fund	248	-	248
Inventories	-	9,611	9,611
Non-depreciable capital assets	6,756,896	-	6,756,896
Capital assets, net of accumulated depreciation	8,777,304	34,216	8,811,520
Total assets	<u>27,152,939</u>	<u>260,330</u>	<u>27,413,269</u>
Deferred Outflows of Resources			
Pension related deferred outflows	<u>417,175</u>	<u>15,436</u>	<u>432,611</u>
Liabilities			
Accounts payable	1,539,679	4,206	1,543,885
Salaries and benefits payable	14,679	12,139	26,818
Accrued interest payable	22,256	-	22,256
Due to other fund	-	248	248
Long-term liabilities			
Portion due within one year			
General obligation bonds	415,000	-	415,000
Termination benefits payable	54,209	-	54,209
Portion due after one year			
General obligation bonds payable	8,960,000	-	8,960,000
Compensated absences	15,025	-	15,025
Termination benefits payable	69,127	-	69,127
Net pension liability	2,936,601	44,721	2,981,322
Net OPEB liability	363,019	-	363,019
Total liabilities	<u>14,389,595</u>	<u>61,314</u>	<u>14,450,909</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2015

Exhibit A

	Governmental Activities	Business Type Activities	Total
Deferred Inflows of Resources			
Unavailable property tax revenue	\$ 3,533,314	\$ -	\$ 3,533,314
Pension related deferred inflows	<u>1,119,942</u>	<u>19,358</u>	<u>1,139,300</u>
Total deferred inflows of resources	<u>4,653,256</u>	<u>19,358</u>	<u>4,672,614</u>
Net Position			
Net investment in capital assets	15,365,749	34,216	15,399,965
Restricted for			
Categorical funding	161,170	-	161,170
Management levy purposes	423,252	-	423,252
Physical plant and equipment	31,208	-	31,208
Student activities	178,550	-	178,550
School infrastructure	1,069,685	-	1,069,685
Unrestricted	<u>(8,702,351)</u>	<u>160,878</u>	<u>(8,541,473)</u>
Total net position	<u>\$ 8,527,263</u>	<u>\$ 195,094</u>	<u>\$ 8,722,357</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2015

Exhibit B

Functions/ <u>Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	<u>Expenses</u>	Operating Grants, Contributions and Restricted Interest		Capital Grants, Contributions and Restricted Interest	Business Type		Total
		Charges for Services	Interest		Governmental Activities	Activities	
Governmental activities							
Instruction							
Regular instruction	\$ 3,233,218	\$ 884,729	\$ 817,180	\$ -	\$ (1,531,309)	\$ -	\$ (1,531,309)
Special instruction	878,537	69,407	180,252	-	(628,878)	-	(628,878)
Other instruction	1,375,162	-	6,378	-	(1,368,784)	-	(1,368,784)
	<u>5,486,917</u>	<u>954,136</u>	<u>1,003,810</u>	<u>-</u>	<u>(3,528,971)</u>	<u>-</u>	<u>(3,528,971)</u>
Support services							
Student	209,698	-	-	-	(209,698)	-	(209,698)
Instructional staff	189,608	-	-	-	(189,608)	-	(189,608)
Administration	902,266	-	-	-	(902,266)	-	(902,266)
Operation and maintenance of plant	772,551	-	-	-	(772,551)	-	(772,551)
Transportation	345,790	-	-	-	(323,288)	-	(323,288)
	<u>2,419,913</u>	<u>22,502</u>	<u>-</u>	<u>-</u>	<u>(2,397,411)</u>	<u>-</u>	<u>(2,397,411)</u>
	<u>8,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,982)</u>	<u>-</u>	<u>(8,982)</u>
Non-instructional programs							
Other expenses							
Facilities acquisition	216,133	-	-	-	(216,133)	-	(216,133)
Long-term debt interest	160,390	-	-	-	(160,390)	-	(160,390)
AEA flowthrough	311,637	-	311,637	-	-	-	-
Depreciation (unallocated) *	377,973	-	-	-	(377,973)	-	(377,973)
	<u>1,066,133</u>	<u>-</u>	<u>311,637</u>	<u>-</u>	<u>(754,496)</u>	<u>-</u>	<u>(754,496)</u>
	<u>8,981,945</u>	<u>976,638</u>	<u>1,315,447</u>	<u>-</u>	<u>(6,689,860)</u>	<u>-</u>	<u>(6,689,860)</u>
Total governmental activities							

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2015

Exhibit B

Functions/Programs (continued)

	<u>Expenses</u>	<u>for Services</u>	<u>Interest</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Business type activities						
Non-instructional programs						
Food service operations	\$ 360,259	\$ 210,391	\$ 163,261	\$ -	\$ 13,393	\$ 13,393
Latchkey program	97,029	96,688	600	-	259	259
Swimming pool	173,367	151,983	-	-	(21,384)	(21,384)
FFA farm program	25,317	25,056	-	-	(261)	(261)
Total business type activities	655,972	484,118	163,861	-	(7,993)	(7,993)
Total	\$ 9,637,917	\$ 1,460,756	\$ 1,479,308	\$ -	(6,689,860)	(6,697,853)

General Revenues

Property tax levied for	2,926,995	-	-	2,926,995
General purposes	687,621	-	-	687,621
Debt service	76,921	-	-	76,921
Capital outlay	722,279	-	-	722,279
Statewide sales, services and use tax	3,498,004	-	-	3,498,004
Unrestricted state grants	30,743	-	-	30,743
Contributions and donations	21,253	346	-	21,599
Unrestricted investment earnings	35,246	-	-	35,246
Other	(41,688)	-	-	(41,688)
Special item - loss on disposal of capital assets	7,957,374	346	-	7,957,720
Total general revenues and special item	1,267,514	(7,647)	-	1,259,867
Change in net position	7,259,749	202,741	-	7,462,490
Net position beginning of year, as restated	\$ 8,527,263	\$ 195,094	-	\$ 8,722,357
Net position end of year				

* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT

Exhibit C

Balance Sheet
Governmental Funds
June 30, 2015

	General	Capital Projects Construction	Debt Service	Nonmajor Governmental Funds	Total
Assets					
Cash and cash equivalents	\$1,550,300	\$3,550,151	\$ 6,545	\$1,746,946	\$ 6,853,942
Receivables					
Property tax					
Delinquent	17,459	-	4,467	1,516	23,442
Succeeding year	2,621,054	-	682,570	229,690	3,533,314
Accounts receivable	420	-	-	-	420
Income surtax	166,295	-	-	-	166,295
Due from other governments	343,034	-	50	112,721	455,805
Due from other fund	3,831	-	-	-	3,831
Total assets	<u>\$4,702,393</u>	<u>\$3,550,151</u>	<u>\$ 693,632</u>	<u>\$2,090,873</u>	<u>\$11,037,049</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 122,981	\$1,378,108	\$ -	\$ 31,747	\$ 1,532,836
Salaries and benefits payable	14,679	-	-	-	14,679
Due to other fund	-	-	-	3,405	3,405
Total liabilities	<u>137,660</u>	<u>1,378,108</u>	<u>-</u>	<u>35,152</u>	<u>1,550,920</u>
Deferred inflows of resources					
Unavailable revenue					
Succeeding year property tax	2,621,054	-	682,570	229,690	3,533,314
Income surtax	166,295	-	-	-	166,295
Other	473	-	-	-	473
Total deferred inflows of resources	<u>2,787,822</u>	<u>-</u>	<u>682,570</u>	<u>229,690</u>	<u>3,700,082</u>
Fund balances					
Restricted for					
Categorical funding	161,170	-	-	-	161,170
Student activities	-	-	-	178,550	178,550
Management levy purposes	-	-	-	546,588	546,588
School infrastructure	-	2,172,043	-	1,069,685	3,241,728
Physical plant and equipment	-	-	-	31,208	31,208
Debt service	-	-	11,062	-	11,062
Unassigned	1,615,741	-	-	-	1,615,741
Total fund balances	<u>1,776,911</u>	<u>2,172,043</u>	<u>11,062</u>	<u>1,826,031</u>	<u>5,786,047</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$4,702,393</u>	<u>\$3,550,151</u>	<u>\$ 693,632</u>	<u>\$2,090,873</u>	<u>\$11,037,049</u>
See notes to financial statements.					

WILTON COMMUNITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2015

Exhibit D

Total fund balances of governmental funds **\$ 5,786,047**

**Amounts reported for governmental activities in the Statement of Net Position
are different because:**

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported as assets in the governmental funds. 15,534,200

Other long-term assets are not available to pay current year expenditures and,
therefore, are recognized as deferred inflows of resources in the governmental
funds. 166,768

Accrued interest payable on long-term liabilities is not due and payable in the
current year and, therefore, is not reported as a liability in the governmental
funds. (22,256)

Pension related deferred outflows of resources and deferred inflows of resources are
not due and payable in the current year and, therefore, are not reported in the
governmental funds as follows:

Deferred outflows of resources	\$ 417,175	
Deferred inflows of resources	<u>(1,119,942)</u>	(702,767)

The Internal Service Fund is used by the District to charge the costs of the
flex-benefit plan to individual funds. The assets and liabilities of the
Internal Service Fund are included in the governmental activities in the
Statement of Net Position. 578,252

Long-term liabilities, including bonds and notes payable, compensated absences
payable, other postemployment benefits, termination benefits and net pension liability,
are not due and payable in the current year and, therefore, are not reported in
the governmental funds. (12,812,981)

Net position of governmental activities **\$ 8,527,263**

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

Exhibit E

	General	Capital Projects Construction	Debt Service	Nonmajor Governmental Funds	Total
Revenues					
Local sources					
Local tax	\$ 2,764,139	\$ -	\$ 687,323	\$ 227,140	\$ 3,678,602
Tuition	496,020	-	-	-	496,020
Other	176,510	9,975	420	380,068	566,973
State sources	4,535,154	-	7,282	724,665	5,267,101
Federal sources	269,723	-	-	-	269,723
Total revenues	<u>8,241,546</u>	<u>9,975</u>	<u>695,025</u>	<u>1,331,873</u>	<u>10,278,419</u>
Expenditures					
Current					
Instruction					
Regular	3,158,490	-	-	79,378	3,237,868
Special	896,654	-	-	-	896,654
Other	1,133,477	-	-	259,312	1,392,789
	<u>5,188,621</u>	<u>-</u>	<u>-</u>	<u>338,690</u>	<u>5,527,311</u>
Support services					
Student	214,162	-	-	-	214,162
Instructional staff	153,425	-	-	38,682	192,107
Administration	879,704	-	-	35,674	915,378
Operation and maintenance of plant	635,071	-	-	133,297	768,368
Transportation	254,688	-	-	36,232	290,920
	<u>2,137,050</u>	<u>-</u>	<u>-</u>	<u>243,885</u>	<u>2,380,935</u>
Non-instructional programs	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,982</u>	<u>8,982</u>
Other expenditures					
Facilities acquisition	-	7,107,977	-	407,882	7,515,859
Long-term debt					
Principal	-	-	410,000	-	410,000
Interest and fiscal charges	-	-	275,004	-	275,004
AEA flowthrough	311,637	-	-	-	311,637
	<u>311,637</u>	<u>7,107,977</u>	<u>685,004</u>	<u>407,882</u>	<u>8,512,500</u>
Total expenditures	<u>7,637,308</u>	<u>7,107,977</u>	<u>685,004</u>	<u>999,439</u>	<u>16,429,728</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

Exhibit E

	<u>General</u>	<u>Capital Projects Construction</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 604,238	\$(7,098,002)	\$ 10,021	\$ 332,434	\$(6,151,309)
Other financing sources					
Sale of equipment and materials	<u>876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>876</u>
Change in fund balances	605,114	(7,098,002)	10,021	332,434	(6,150,433)
Fund balance, beginning of year	<u>1,171,797</u>	<u>9,270,045</u>	<u>1,041</u>	<u>1,493,597</u>	<u>11,936,480</u>
Fund balance, end of year	<u>\$ 1,776,911</u>	<u>\$ 2,172,043</u>	<u>\$ 11,062</u>	<u>\$ 1,826,031</u>	<u>\$ 5,786,047</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2015

Exhibit F

Change in fund balances - total governmental funds \$(6,150,433)
Amounts reported for governmental activities in the Statement of Activities
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense for the current year, are as follows:

Expenditures for capital assets	\$7,313,051	
Loss on disposal of capital assets	(41,688)	
Depreciation expense	<u>(527,056)</u>	6,744,307

Certain revenues not collected for several months after year end are not considered available revenue and are recognized as deferred inflows of resources in the governmental funds. 11,845

The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. (797)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 410,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 114,614

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as deferred outflow of resources in the Statement of Net Position. 406,904

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Termination benefits	\$ (5,477)	
Compensated absences	(6,068)	
Pension expenses	(184,462)	
Other postemployment benefits	<u>(72,919)</u>	(268,926)

Change in net position of governmental activities \$ 1,267,514

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2015

Exhibit G

	Business Type <u>Activities</u> Nonmajor <u>Enterprise</u>	Governmental <u>Activities</u> Internal <u>Service</u>
Assets		
Current assets		
Cash and cash equivalents	\$212,079	\$585,247
Accounts receivable	4,424	26
Inventories	<u>9,611</u>	<u>-</u>
Total current assets	226,114	585,273
Noncurrent assets		
Capital assets, net of accumulated depreciation	<u>34,216</u>	<u>-</u>
Total assets	<u>260,330</u>	<u>585,273</u>
 Deferred Outflows of Resources		
Pension related deferred outflows	<u>15,436</u>	<u>-</u>
 Liabilities		
Current liabilities		
Accounts payable	4,206	6,843
Salaries and benefits payable	12,139	-
Due to other funds	<u>248</u>	<u>178</u>
Total current liabilities	16,593	7,021
Noncurrent liabilities		
Net pension liability	<u>44,721</u>	<u>-</u>
Total liabilities	<u>61,314</u>	<u>7,021</u>
 Deferred Inflows of Resources		
Pension related deferred inflows	<u>19,358</u>	<u>-</u>
 Net Position		
Net investment in capital assets	34,216	-
Unrestricted	<u>160,878</u>	<u>578,252</u>
Total net position	<u>\$195,094</u>	<u>\$578,252</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

Exhibit H

	Business Type <u>Activities</u> <u>Nonmajor</u> <u>Enterprise</u>	Governmental <u>Activities</u> <u>Internal</u> <u>Service</u>
Operating revenue		
Local sources		
Charges for service	\$459,062	\$ 147,125
Sale of product	25,056	-
Total operating revenue	<u>484,118</u>	<u>147,125</u>
Operating expenses		
Support services		
Administration	18,124	-
Operation and maintenance of plant	103,097	-
Transportation	398	-
Total support services	121,619	-
Non-instructional programs	534,353	147,929
Total operating expenses	<u>655,972</u>	<u>147,929</u>
Operating loss	<u>(171,854)</u>	<u>(804)</u>
Non-operating revenues		
Interest income	346	7
State sources	3,507	-
Federal sources	160,354	-
Total non-operating revenues	<u>164,207</u>	<u>7</u>
Change in net position	(7,647)	(797)
Net position beginning of year, as restated	<u>202,741</u>	<u>579,049</u>
Net position end of year	<u>\$195,094</u>	<u>\$ 578,252</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

Exhibit I

	Business Type <u>Activities</u> Nonmajor <u>Enterprise</u>	Governmental <u>Activities</u> Internal <u>Service</u>
Cash flows from operating activities		
Cash received from sale of services	\$ 458,578	\$ 147,099
Cash received from other operations	25,056	-
Cash paid to employees for services	(370,270)	-
Cash paid to suppliers for goods and services	(271,812)	(146,572)
Net cash provided by (used in) operating activities	<u>(158,448)</u>	<u>527</u>
Cash flows from non-capital financing activities		
State grants received	3,507	-
Federal grants received	133,383	-
Net cash provided by non-capital financing activities	<u>136,890</u>	<u>-</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	(3,450)	-
Sale of capital assets	821	-
Net cash (used in) capital and related financing activities	<u>(2,629)</u>	<u>-</u>
Cash flows from investing activities		
Interest on investments	346	7
Net increase (decrease) in cash and cash equivalents	(23,841)	534
Cash and cash equivalents, beginning of year	235,920	584,713
Cash and cash equivalents, end of year	<u>\$ 212,079</u>	<u>\$ 585,247</u>
Reconciliation of operating (loss) to net cash provided by (used by) operating activities		
Operating (loss)	\$ (171,854)	\$ (804)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities		
Depreciation	5,922	-
Commodities used	26,971	-
(Increase) in accounts receivable	(2,419)	(26)
(Increase) in inventory	(6,283)	-
Decrease in due from other fund	1,934	-
(Decrease) in net pension liability	(20,679)	-
(Increase) in deferred outflows of resources	(8,847)	-
Increase in deferred inflows of resources	19,358	-
Increase in accounts payable	1,470	1,454
(Decrease) in due to other funds	(29)	(97)
(Decrease) in due to other governments	(385)	-
(Decrease) in accrued salaries and benefits	(3,607)	-
Net cash provided by (used in) operating activities	<u>\$ (158,448)</u>	<u>\$ 527</u>

Non-cash investing, capital and related financing activities.

During the year ended June 30, 2015, the District received \$26,971 of federal commodities.

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2015

Exhibit J

	<u>Agency</u>
Assets	
Cash, cash equivalents and pooled investments	\$14,030
Liabilities	
Due to others	<u>-</u>
Net position	<u><u>\$14,030</u></u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

Note 1. Summary of Significant Accounting Policies

The Wilton Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the City of Wilton, Iowa, and the agricultural territory in Cedar and Muscatine Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Wilton Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Wilton Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributed to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects - Construction Fund is utilized for construction projects of the District financed through issuance of general obligation bonds.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The District reports no major proprietary funds. However, the District reports four nonmajor enterprise funds, School Nutrition Fund, FFA Farm Fund, Swimming Pool Fund and Latchkey Fund and two internal service funds, which are utilized for partially self-funded employee health insurance benefits and the District's flex-benefit program.

The District also reports a fiduciary fund which focuses on net position and changes in net position. The District's fiduciary fund consists of the following:

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, compensated absences and termination benefits are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds is charges to customers for sales and services and sales of crop. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value, except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current year and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2014.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,500
Buildings	\$ 2,500
Improvements other than buildings	\$ 2,500
Intangibles	\$25,000
Furniture and equipment:	
School Nutrition Fund equipment	\$ 500
Other furniture and equipment	\$ 2,500

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Buildings & Improvements	50 years
Improvements other than buildings	20-50 years
Intangibles	5-10 years
Furniture and equipment	5-15 years

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Salaries and Benefits Payable - Payroll and related expenditures associated with hourly employees for work performed in June but not paid until July, have been accrued as liabilities.

Termination Benefits - District employees meeting certain requirements are eligible for early retirement benefits. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The early retirement liability has been computed based on rates of pay in effect at June 30, 2015. The early retirement liability attributable to the governmental activities will be paid primarily from the Management Fund.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax and income surtax receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Fund Balances - In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned - All amounts not included in the preceding classifications.

Net Position - In the district-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Net position restricted through enabling legislation include \$423,252 for management levy purposes, \$31,208 for physical plant and equipment, and \$1,069,685 for school infrastructure, and \$178,550 for student activities.

E. Budgeting and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

F. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2. Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of

deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2015, the District had investments in the Iowa Schools Joint Investment Trust Diversified Portfolio which are valued at an amortized cost of \$4,809 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Iowa Schools Joint Investment Trust were rated AAAM by Standard & Poor's Financial Services.

Note 3. Due From and Due To Other Funds

The details of interfund receivables and payables at June 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Non-major special revenue fund	
	Student activity fund	\$ 3,405
General	Non-major proprietary fund	
	Latchkey fund	248
General	Non-major proprietary fund	
	Internal service fund	178
		<u>\$ 3,831</u>

The interfund payable from the Student Activity to the General Fund is for bus usage during fiscal 2015 that were unpaid at June 30, 2015. The payable from the Internal Service Fund to the General Fund is for reimbursement of expenses. The payable from the Latchkey Fund to the General Fund was for salaries and benefits. The balances will be repaid during the year ending June 30, 2016.

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

<u>Governmental activities</u>	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, End of Year</u>
Capital assets not being depreciated:				
Land	\$ 125,211	\$ 170,889	\$ -	\$ 296,100
Construction in progress	726,949	5,733,847	-	6,460,796
Total capital assets, not being depreciated	<u>852,160</u>	<u>5,904,736</u>	<u>-</u>	<u>6,756,896</u>
Capital assets being depreciated:				
Buildings and improvements	14,562,670	637,612	(63,854)	15,136,428

Improvements other than buildings	1,855,662	668,571	-	2,524,233
Furniture and equipment	<u>2,009,493</u>	<u>102,132</u>	<u>(74,690)</u>	<u>2,036,935</u>
Total capital assets being depreciated	<u>18,427,825</u>	<u>1,408,315</u>	<u>(138,544)</u>	<u>19,697,596</u>
Less accumulated depreciation for:				
Buildings and improvements	8,113,608	272,891	(22,166)	8,364,333
Improvements other than buildings	996,428	95,095	-	1,091,523
Furniture and equipment	<u>1,380,056</u>	<u>159,070</u>	<u>(74,690)</u>	<u>1,464,436</u>
Total accumulated depreciation	<u>10,490,092</u>	<u>527,056</u>	<u>(96,856)</u>	<u>10,920,292</u>
Total capital assets being depreciated, net	<u>7,937,733</u>	<u>881,259</u>	<u>(41,688)</u>	<u>8,777,304</u>
Governmental activities capital assets, net	<u>\$ 8,789,893</u>	<u>\$ 6,785,995</u>	<u>\$ (41,688)</u>	<u>\$ 15,534,200</u>
<u>Business type activities</u>				
Furniture and equipment	\$ 198,464	\$ 3,450	\$ (1,809)	\$ 200,105
Less accumulated depreciation	<u>160,956</u>	<u>5,922</u>	<u>(989)</u>	<u>165,889</u>
Business type activities capital assets, net	<u>\$ 37,508</u>	<u>\$ (2,472)</u>	<u>\$ (820)</u>	<u>\$ 34,216</u>

Depreciation expense was charged to the following functions:

Governmental activities

Instruction	
Regular	\$ 54,489
Other	13,853
Support services	
Administration	9,577
Operation and maintenance of plant	11,655
Transportation	<u>59,509</u>
	149,083
Unallocated depreciation	<u>377,973</u>
Total governmental activities depreciation expense	<u>\$ 527,056</u>

Business type activities

Food services	\$ 2,539
Latchkey program	81
Swimming pool	1,698
FFA farm	<u>1,604</u>
Total business type activities depreciation expense	<u>\$ 5,922</u>

Note 5. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015 are summarized as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
Governmental activities					
General obligation bonds	\$ 9,785,000	\$ -	\$ (410,000)	\$ 9,375,000	\$ 415,000
Termination benefits	117,859	44,766	(39,289)	123,336	54,209
Compensated absences	8,957	32,929	(26,861)	15,025	-
Net pension liability	4,294,495	-	(1,357,894)	2,936,601	-
Net OPEB liability	<u>290,100</u>	<u>92,689</u>	<u>(19,770)</u>	<u>363,019</u>	<u>-</u>
Totals	14,496,411	170,384	(1,853,814)	12,812,981	469,209
Business type activities					
Net pension liability	<u>65,400</u>	<u>-</u>	<u>(20,679)</u>	<u>44,721</u>	<u>-</u>
Total	<u>\$ 14,561,811</u>	<u>\$ 170,384</u>	<u>\$(1,874,493)</u>	<u>\$ 12,857,702</u>	<u>\$ 469,209</u>

Interest costs incurred and charged to expense on all long-term debt was \$160,390 for the year ended June 30, 2015. During the year ended June 30, 2015, the District made principal payments on total long-term debt of \$410,000.

General Obligation Bonds

On June 2, 2014, the District issued \$9,785,000 of general obligation bonds to finance the construction of an elementary building. Details of the District's June 30, 2015 general obligation indebtedness are as follows:

Year Ending June 30,	Bond issue of June 2, 2014			
	Interest Rates	Interest	Principal	Total
2016	2.00	\$ 267,069	\$ 415,000	\$ 682,069
2017	2.00	258,769	420,000	678,769
2018	2.00	250,369	430,000	680,369
2019	2.00	241,768	440,000	681,768
2020	2.00	232,969	445,000	677,969
2021-2025	2.0-2.75%	1,016,681	2,380,000	3,396,681
2026-2030	2.85-3.5%	671,831	2,730,000	3,401,831
2031-2034	3.5-4.0%	<u>180,062</u>	<u>2,115,000</u>	<u>2,295,062</u>
Totals		<u>\$ 3,119,518</u>	<u>\$ 9,375,000</u>	<u>\$ 12,494,518</u>

Termination Benefits

The District offers a voluntary early retirement plan to its certified employees. Eligible employees are required to be at least 55 years of age and have completed 15 years of consecutive service to the District. Employees must complete an application, which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 30% of the last three years base salary plus \$50 per day for unused sick leave days. The benefit is paid over a three year period beginning in January of the year following early retirement.

At June 30, 2015, the District had obligations to nine individuals for early retirement benefits. Early retirement expenditures were \$39,289 for the year ended June 30, 2015.

Note 6. Pension Plan

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits

before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$419,880.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$2,981,322 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.073666 percent, which was a decrease of 0.0003337 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$187,270. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 32,401	\$ -
Changes of assumptions	131,573	-
Net difference between projected and actual earnings on pension plan investments	-	1,139,300
Changes in proportion and differences between District contributions and proportionate share of contributions	(151,243)	-
District contributions subsequent to the measurement date	<u>419,880</u>	<u>-</u>
Total	<u>\$ 432,611</u>	<u>\$ 1,139,300</u>

\$419,880 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30,</u>	
2016	\$ (281,850)
2017	(281,850)
2018	(281,850)
2019	(281,850)
2020	831
Total	<u>\$ (1,126,569)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2014)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$5,633,158	\$2,981,322	\$742,931

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPER's website at www.ipers.org.

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$1,393 for legally required employer contributions and \$928 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 7. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees, and their spouses. There are 200 active and 12 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy - The contribution requirements of the plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 85,437
Interest on net OPEB obligation	7,252
Adjustment to annual required contribution	<u>(17,680)</u>
Annual OPEB cost	75,009
Contributions made	<u>(2,090)</u>
Increase in net OPEB obligation	72,919
Net OPEB obligation beginning of year	<u>290,100</u>
Net OPEB obligation end of year	<u>\$ 363,019</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District made contributions totaling \$2,090 to the medical plan. Plan members eligible for benefits contributed nothing to the medical plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2015 are summarized as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 59,102	6.1%	\$ 245,611
2014	\$ 48,110	4.3%	\$ 290,100
2015	\$ 75,009	2.8%	\$ 363,019

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was approximately \$373,443, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$373,443. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4.5 million and the ratio of UAAL to covered payroll was 7.8%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2012 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 6%. The medical trend rate is reduced 0.5% each year until reaching the 6% ultimate trend rate. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 8. Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media, and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$311,637 adjusting entry to the cash basis financial statements.

Note 10. Self-funded Health Insurance

The District utilizes a self-insurance fund which is used for a partial self-funding of a medical insurance deductible and out-of-pocket expense buy-down, a fully-self funded dental plan with a third party administrator, and a fully-self funded vision plan. For medical insurance the district purchases a \$750 deductible with a \$1,500 out-of-pocket maximum through the Iowa Star Schools plan which is fully insured through a BC/BS of Iowa plan. The district buys down the deductible to \$2,500 with an out-of-pocket maximum of \$2,500. The funding for this portion of Self-Insurance Fund comes from the difference in premiums. The district expenses out the \$250 deductible plans, but only pays Iowa Star Schools for the \$750 deductible plan. For the dental insurance the district hires Employee Benefit Systems out of Burlington, Iowa as a third party administrator for all dental claims. The funding for this portion of the Self-Insurance Fund comes directly from premiums expensed. For the vision insurance the district processes all claims in the Central Office as we have fixed amounts for each area of coverage which makes claims

processing simple and straightforward. The funding for this portion of the Self-Insurance Fund comes directly from premiums expensed. Funds for all three self-insured plans are kept locally in one account separate from all others.

The Flexible Spending Fund is used for the section 125 plan for medical expenses and dependent care expenses. The funds are kept locally in a separate account, but all claims are processed through Employee Benefit Systems in Burlington, Iowa.

At June 30, 2015, the District had accumulated an excess of \$578,252 in its Internal Service Funds to cover employee health care and section 125 claims. Also, the District continues to fund this plan by depositing premiums into the account on a monthly basis. The District's deposits into this fund have exceeded claims paid from the fund during the years ended June 30, 2015, 2014, 2013, 2012, 2011, 2010, 2009 and 2008. All submitted claims had been paid or accrued at June 30, 2015. The District does not expect claims to exceed monies available in the fund during the year ending June 30, 2016. The District is contingently liable for any claims in excess of funds available at June 30, 2015.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an estimated amount for claims that have been incurred but not reported (IBNR) which represent estimates of the eventual loss on claims arising prior to year-end. Claims liabilities are reported in the financial statements in other current liabilities. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	Year Ended June 30,	
	2015	2014
Unpaid claims, beginning of year	\$ 5,664	\$ 6,463
Current year claims and changes in estimates	149,286	153,706
Claim payments	(147,929)	(154,505)
Unpaid claims, end of year	<u>\$ 7,021</u>	<u>\$ 5,664</u>

Note 11. Contingencies

Grant Funding - The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2015, significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Insurance Plan - As discussed in Note 10, the District is contingently liable for any unreported claim or assessment in excess of their balance in the Internal Service Insurance Fund.

Note 12. Related Party Transactions

During the year ended June 30, 2015, the District had business transactions between the District and District officials totaling \$98,061. These transactions were for supplies, technology services and telephone services purchased by the District.

Note 13. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business Type Activities
Net position June 30, 2014, as previously reported	\$ 11,121,559	\$ 261,552
Net pension liability at June 30, 2014	(4,294,495)	(65,400)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	<u>432,685</u>	<u>6,589</u>
Net position July 1, 2014, as restated	<u>\$ 7,259,749</u>	<u>\$ 202,741</u>

Note 14. Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2015 is comprised of the following programs:

Program

Limited English Proficiency	\$ 5,671
Home Schooled Assistance Program	14,004
Returning dropout and dropout prevention program	15,062
Beginning teacher mentoring and induction program	1,041
Statewide voluntary preschool	49,416
Successful Progression for Early Readers	21,845
Educator quality, professional development for model core curriculum	20,932
Educator quality, professional development	33,142
Stem Grant	<u>57</u>
	<u>\$ 161,170</u>

Note 15. Construction Commitment

The District entered into contracts totaling \$5,174,463 for the construction of an elementary to be connected to the Jr/Sr High building. As of June 30, 2015, costs of \$3,188,428 had been incurred against the contracts. The balance of \$1,986,035 remaining on the contracts will be paid as work on the project progresses.

Note 16. Subsequent Event

In July 2015, the District issued \$5,705,000 of School Infrastructure Sales, Services and Use Tax Revenue Bonds to help finance the elementary building project.

Note 17. Deficit Balances

The District had a negative unrestricted net position of \$8,702,351 in governmental activities at June 30, 2015.

Required Supplementary Information

WILTON COMMUNITY SCHOOL DISTRICT

**Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual
All Governmental Funds and Enterprise Funds
Required Supplementary Information
For the Year Ended June 30, 2015**

	Governmental Funds <u>Actual</u>	Enterprise Funds <u>Actual</u>	Total <u>Actual</u>	Budgeted Amounts <u>Original</u> <u>Final</u>	Final to Actual Variance
Revenues					
Local sources	\$ 4,741,595	\$ 484,464	\$ 5,226,059	\$ 5,777,089	\$ (551,030)
State sources	5,267,101	3,507	5,270,608	4,538,921	731,687
Federal sources	269,723	160,354	430,077	395,540	34,537
Total revenues	<u>10,278,419</u>	<u>648,325</u>	<u>10,926,744</u>	<u>10,711,550</u>	<u>215,194</u>
Expenditures/Expenses					
Instruction	5,527,311	-	5,527,311	6,306,405	779,094
Support services	2,380,935	121,619	2,502,554	3,157,000	654,446
Non-instructional programs	8,982	534,353	543,335	810,000	266,665
Other expenditures	8,512,500	-	8,512,500	15,785,886	7,273,386
Total expenditures/expenses	<u>16,429,728</u>	<u>655,972</u>	<u>17,085,700</u>	<u>26,059,291</u>	<u>8,973,591</u>
(Deficiency) of revenues (under) expenditures	(6,151,309)	(7,647)	(6,158,956)	(15,347,741)	9,188,785
Net other financing sources	<u>876</u>	<u>-</u>	<u>876</u>	<u>4,793,000</u>	<u>(4,792,124)</u>
Net change in fund balance	(6,150,433)	(7,647)	(6,158,080)	(10,554,741)	4,396,661
Balance, beginning of year, as restated	11,936,480	202,741	12,139,221	12,093,522	45,699
Balance, end of year	<u>\$ 5,786,047</u>	<u>\$ 195,094</u>	<u>\$ 5,981,141</u>	<u>\$ 1,538,781</u>	<u>\$ 4,442,360</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information -- Budgetary Reporting
For the Year Ended June 30, 2015

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District did not amend its certified budget.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
Last Fiscal Year*
Required Supplementary Information

	<u>2015</u>
District's proportion of the net pension liability	0.073666 %
District's proportionate share of the net pension liability	\$ 2,981,322
District's covered-employee payroll	\$ 4,701,904
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	63.41%
Plan fiduciary net position as a percentnage of the total pension liability	87.61%

*The amounts preseneted for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

WILTON COMMUNITY SCHOOL DISTRICT

Schedule of District Contributions

Iowa Public Employees' Retirement System

Last 10 Fiscal Years

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Statutorily required contributions	\$ 419,880	\$ 439,273	\$ 431,789	\$ 393,071	\$ 334,834	\$ 329,989	\$ 310,364	\$ 273,767	\$ 253,822	\$ 244,382
Contributions in relation to the statutorily required contribution	<u>(419,880)</u>	<u>(439,273)</u>	<u>(431,789)</u>	<u>(393,071)</u>	<u>(334,834)</u>	<u>(329,989)</u>	<u>(310,364)</u>	<u>(273,767)</u>	<u>(253,822)</u>	<u>(244,382)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$4,701,904	\$4,919,071	\$4,980,265	\$4,870,768	\$4,817,755	\$4,962,241	\$4,887,622	\$4,525,074	\$4,414,296	\$4,250,122
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

See accompanying Independent Auditor's Report.

Wilton Community School District
Notes to Required Supplementary Information – Pension Liability
Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates

Wilton Community School District
Notes to Required Supplementary Information – Pension Liability
Year ended June 30, 2015

- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation to the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Funding Progress for the
Retiree Health Plan
Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$522,974	\$522,974	\$ -	\$ 5,108,427	10.2%
2011	July 1, 2009	\$ -	\$522,974	\$522,974	\$ -	\$ 4,676,334	11.2%
2012	July 1, 2009	\$ -	\$522,974	\$522,974	\$ -	\$ 4,737,479	11.0%
2013	July 1, 2012	\$ -	\$408,061	\$408,061	\$ -	\$ 4,844,158	8.4%
2014	July 1, 2012	\$ -	\$373,443	\$373,443	\$ -	\$ 4,801,090	7.8%
2015	July 1, 2012	\$ -	\$373,443	\$373,443	\$ -	\$ 4,504,748	8.3%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Supplementary Information

WILTON COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

Schedule 1

	<u>Special Revenue</u>		<u>Capital Projects</u>		
	Student	Management	Statewide	Physical	
	Activity	Levy	Sales, Services	Plant and	
			and Use Tax	Equipment	Total
				Levy	
Assets					
Cash, cash equivalents and pooled investments	\$ 184,102	\$ 546,805	\$ 979,836	\$ 36,203	\$1,746,946
Receivables					
Property tax					
Delinquent	-	1,016	-	500	1,516
Succeeding year	-	152,000	-	77,690	229,690
Due from other governments	619	11	112,086	5	112,721
Total assets	<u>\$ 184,721</u>	<u>\$ 699,832</u>	<u>\$ 1,091,922</u>	<u>\$ 114,398</u>	<u>\$ 2,090,873</u>
Liabilities, Deferred Inflows of Resources					
and Fund Balances					
Liabilities					
Accounts payable	\$ 2,766	\$ 1,244	\$ 22,237	\$ 5,500	\$ 31,747
Due to other funds	3,405	-	-	-	3,405
Total liabilities	<u>6,171</u>	<u>1,244</u>	<u>22,237</u>	<u>5,500</u>	<u>35,152</u>
Deferred inflows of resources					
Unavailable revenue					
Succeeding year property tax	-	152,000	-	77,690	229,690
Fund balances					
Restricted for					
Student activities	178,550	-	-	-	178,550
Management levy purposes	-	546,588	-	-	546,588
School infrastructure	-	-	1,069,685	-	1,069,685
Physical plant and equipment	-	-	-	31,208	31,208
Total fund balances	<u>178,550</u>	<u>546,588</u>	<u>1,069,685</u>	<u>31,208</u>	<u>1,826,031</u>
Total liabilities, deferred inflows of resources					
and fund balances	<u>\$ 184,721</u>	<u>\$ 699,832</u>	<u>\$ 1,091,922</u>	<u>\$ 114,398</u>	<u>\$ 2,090,873</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

Schedule 2

	<u>Special Revenue</u>		<u>Capital Projects</u>		
			Statewide	Physical	
	<u>Student</u>	<u>Management</u>	<u>Sales, Services</u>	<u>Plant and</u>	
	<u>Activity</u>	<u>Levy</u>	<u>and Use Tax</u>	<u>Equipment</u>	<u>Total</u>
				<u>Levy</u>	
Revenues					
Local sources					
Local tax	\$ -	\$ 150,252	\$ -	\$ 76,888	\$ 227,140
Other	352,393	15,057	9,073	3,545	380,068
State sources	-	1,572	722,279	814	724,665
Total revenues	<u>352,393</u>	<u>166,881</u>	<u>731,352</u>	<u>81,247</u>	<u>1,331,873</u>
Expenditures					
Current					
Instruction					
Regular	-	57,094	19,965	2,319	79,378
Other	259,312	-	-	-	259,312
Total instruction	<u>259,312</u>	<u>57,094</u>	<u>19,965</u>	<u>2,319</u>	<u>338,690</u>
Support services					
Instructional staff	-	-	38,005	677	38,682
Administration	597	12,221	15,000	7,856	35,674
Operation and maintenance of plant	23,517	79,846	25,624	4,310	133,297
Transportation	17,297	17,278	-	1,657	36,232
Total support services	<u>41,411</u>	<u>109,345</u>	<u>78,629</u>	<u>14,500</u>	<u>243,885</u>
Non-instructional programs	-	8,982	-	-	8,982
Other expenditures					
Facilities acquisition	-	-	308,784	99,098	407,882
Total expenditures	<u>300,723</u>	<u>175,421</u>	<u>407,378</u>	<u>115,917</u>	<u>999,439</u>
Excess (deficiency) of revenues over					
Other financing sources (uses)					
Change in fund balances					
(under) expenditures	51,670	(8,540)	323,974	(34,670)	332,434
Fund balances, beginning of year	126,880	555,128	745,711	65,878	1,493,597
Fund balances, end of year	<u>\$178,550</u>	<u>\$546,588</u>	<u>\$1,069,685</u>	<u>\$ 31,208</u>	<u>\$1,826,031</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2015

Schedule 3

	<u>School Nutrition</u>	<u>Latchkey</u>	<u>Swimming Pool</u>	<u>FFA Farm</u>	<u>Total</u>
Assets					
Current assets					
Cash and cash equivalents	\$ 93,084	\$53,967	\$28,562	\$36,466	\$212,079
Accounts receivable	-	3,120	1,304	-	4,424
Inventories	9,611	-	-	-	9,611
Total current assets	<u>102,695</u>	<u>57,087</u>	<u>29,866</u>	<u>36,466</u>	<u>226,114</u>
Noncurrent assets					
Capital assets, net of accumulated depreciation	<u>17,423</u>	<u>242</u>	<u>8,891</u>	<u>7,660</u>	<u>34,216</u>
Total assets	<u>120,118</u>	<u>57,329</u>	<u>38,757</u>	<u>44,126</u>	<u>260,330</u>
Deferred Outflows of Resources					
Pension related deferred outflows	<u>15,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,436</u>
Liabilities					
Current liabilities					
Accounts payable	-	-	1,648	2,558	4,206
Salaries and benefits payable	-	5,805	6,334	-	12,139
Due to other funds	-	248	-	-	248
Total current liabilities	-	6,053	7,982	2,558	16,593
Noncurrent liabilities					
Net pension liability	<u>44,721</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,721</u>
Total liabilities	<u>44,721</u>	<u>6,053</u>	<u>7,982</u>	<u>2,558</u>	<u>61,314</u>
Deferred Inflows of Resources					
Pension related deferred inflows	<u>19,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,358</u>
Net Position					
Net investment in capital assets	17,423	242	8,891	7,660	34,216
Unrestricted	<u>54,052</u>	<u>51,034</u>	<u>21,884</u>	<u>33,908</u>	<u>160,878</u>
Total net position	<u>\$ 71,475</u>	<u>\$51,276</u>	<u>\$30,775</u>	<u>\$41,568</u>	<u>\$195,094</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2015

Schedule 4

	School <u>Nutrition</u>	<u>Latchkey</u>	Swimming <u>Pool</u>	FFA <u>Farm</u>	<u>Total</u>
Operating revenue					
Local sources					
Charges for service	\$ 210,391	\$ 96,688	\$151,983	\$ -	\$ 459,062
Sale of product	-	-	-	25,056	25,056
Total operating revenue	<u>210,391</u>	<u>96,688</u>	<u>151,983</u>	<u>25,056</u>	<u>484,118</u>
Operating expenses					
Support services					
Administration					
Salaries	10,838	-	-	-	10,838
Benefits	829	-	310	-	1,139
Purchased services	1,565	1,241	1,427	-	4,233
Miscellaneous	-	100	1,813	-	1,913
Interest	-	-	1	-	1
	<u>13,232</u>	<u>1,341</u>	<u>3,551</u>	<u>-</u>	<u>18,124</u>
Operation and maintenance of plant					
Purchased services	3,653	341	45,993	1,590	51,577
Supplies	-	1,947	38,479	6,889	47,315
Miscellaneous	-	-	821	-	821
Depreciation	-	81	1,698	1,605	3,384
	<u>3,653</u>	<u>2,369</u>	<u>86,991</u>	<u>10,084</u>	<u>103,097</u>
Transportation					
Salaries	-	341	-	-	341
Benefits	-	57	-	-	57
	<u>-</u>	<u>398</u>	<u>-</u>	<u>-</u>	<u>398</u>
Total support services	<u>16,885</u>	<u>4,108</u>	<u>90,542</u>	<u>10,084</u>	<u>121,619</u>
Non-instructional programs					
Salaries	135,901	72,032	67,778	-	275,711
Benefits	39,737	17,128	11,515	-	68,380
Purchased services	-	311	118	1,204	1,633
Supplies	165,198	3,450	3,389	14,029	186,066
Miscellaneous	-	-	25	-	25
Depreciation	2,538	-	-	-	2,538
	<u>343,374</u>	<u>92,921</u>	<u>82,825</u>	<u>15,233</u>	<u>534,353</u>
Total operating expenses	<u>360,259</u>	<u>97,029</u>	<u>173,367</u>	<u>25,317</u>	<u>655,972</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2015

Schedule 4

	<u>School Nutrition</u>	<u>Latchkey</u>	<u>Swimming Pool</u>	<u>FFA Farm</u>	<u>Total</u>
Operating (loss)	<u>(149,868)</u>	<u>(341)</u>	<u>(21,384)</u>	<u>(261)</u>	<u>(171,854)</u>
Non-operating revenue					
Interest income	268	27	11	40	346
State sources	2,907	600	-	-	3,507
Federal sources	<u>160,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,354</u>
Total non-operating revenue	<u>163,529</u>	<u>627</u>	<u>11</u>	<u>40</u>	<u>164,207</u>
Change in net position	13,661	286	(21,373)	(221)	(7,647)
Net position, beginning of year as restated	<u>57,814</u>	<u>50,990</u>	<u>52,148</u>	<u>41,789</u>	<u>202,741</u>
Net position, end of year	<u>\$ 71,475</u>	<u>\$ 51,276</u>	<u>\$ 30,775</u>	<u>\$ 41,568</u>	<u>\$ 195,094</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2015

Schedule 5

	School <u>Nutrition</u>	<u>Latchkey</u>	Swimming <u>Pool</u>	FFA <u>Farm</u>	<u>Total</u>
Cash flows from operating activities					
Cash received from sale of services	\$ 210,532	\$ 97,367	\$ 150,679	\$ -	\$ 458,578
Cash received from other operations	-	-	-	25,056	25,056
Cash payments to employees for services	(198,135)	(92,560)	(79,575)	-	(370,270)
Cash payments to suppliers for goods and services	(149,729)	(7,390)	(92,579)	(22,114)	(271,812)
Net cash provided by (used in) operating activities	(137,332)	(2,583)	(21,475)	2,942	(158,448)
Cash flows from non-capital financing activities					
State grants received	2,907	600	-	-	3,507
Federal grants received	133,383	-	-	-	133,383
Net cash provided by non-capital financing activities	136,290	600	-	-	136,890
Cash flows from capital and related financing activities					
Acquisition of capital assets	(3,025)	-	(425)	-	(3,450)
Sale of capital assets	-	-	821	-	821
Net cash provided by (used in) capital and related financing activities	(3,025)	-	396	-	(2,629)
Cash flows from investing activities					
Interest on investments	268	27	11	40	346
Net increase (decrease) in cash and cash equivalents	(3,799)	(1,956)	(21,068)	2,982	(23,841)
Cash and cash equivalents, beginning of year	96,883	55,923	49,630	33,484	235,920
Cash and cash equivalents, end of year	\$ 93,084	\$ 53,967	\$ 28,562	\$36,466	\$ 212,079

Reconciliation of operating (loss) to net

cash provided by (used in) operating activities					
Operating (loss)	\$(149,868)	\$ (341)	\$ (21,384)	\$ (261)	\$(171,854)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities					
Depreciation	2,538	81	1,698	1,605	5,922
Commodities used	26,971	-	-	-	26,971
(Increase) decrease in accounts receivable	140	(1,255)	(1,304)	-	(2,419)
(Increase) in inventory	(6,283)	-	-	-	(6,283)
Decrease in due from other fund	-	1,934	-	-	1,934
(Decrease) in net pension liability	(20,679)	-	-	-	(20,679)
(Increase) in deferred outflows of resources	(8,847)	-	-	-	(8,847)
Increase in deferred inflows of resources	19,358	-	-	-	19,358
Increase (decrease) in accounts payable	-	-	(128)	1,598	1,470
Increase (decrease) in due to other funds	-	30	(59)	-	(29)
(Decrease) in due to other governments	-	-	(385)	-	(385)
Increase (decrease) in accrued salaries and benefits	(662)	(3,032)	87	-	(3,607)
Net cash provided by (used in) operating activities	(137,332)	(2,583)	(21,475)	2,942	(158,448)

Non-cash investing, capital and related financing activities.

During the year ended June 30, 2015, the District received \$26,971 of federal commodities.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund
For the Year Ended June 30, 2015

Schedule 6

	Balance, Beginning of <u>Year</u>	<u>Additions</u>	<u>Deductions</u>	Balance, End of <u>Year</u>
Assets				
Cash	<u>\$ 67,024</u>	<u>\$ 25,390</u>	<u>\$ 78,384</u>	<u>\$14,030</u>
 Liabilities				
Due to others	<u>\$ 67,024</u>	<u>\$ 25,390</u>	<u>\$ 78,384</u>	<u>\$14,030</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
For the Year Ended June 30, 2015

Schedule 7

Account	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Musical drama	112	-	-	112
Vocal - high school	3,505	5,267	4,813	3,959
Instrumental - elementary	2,265	741	232	2,774
Instrumental - high school	1,711	7,034	6,242	2,503
Weight-lifting	639	579	832	386
Cross country	1,642	4,105	4,132	1,615
Boys' basketball	9,350	18,173	23,084	4,439
Football	8,098	33,888	23,913	18,073
Baseball	17,568	34,997	48,145	4,420
Boys' track	-	7,523	6,530	993
Boys' golf	17	1,566	1,559	24
Wrestling	8,542	20,883	17,910	11,515
Girls' basketball	1,992	16,864	16,374	2,482
Volleyball	5,433	20,453	21,651	4,235
Softball	14,138	20,665	26,466	8,337
Girls' track	973	4,688	4,445	1,216
Girls' golf	384	1,424	1,172	636
Industrial Arts	184	1,300	1,158	326
Robotics club	28	440	468	-
JR/SR chorus trip	-	17,855	-	17,855
Band trip	-	35,648	-	35,648
Student services	6,797	937	826	6,908
PIE	867	-	-	867
Students 4 Earth	1,149	-	96	1,053
Yearbook - high school	2,730	6,984	6,898	2,816
Stepperettes	6,577	4,141	4,664	6,054
Cheerleaders - high school	3,465	9,803	9,036	4,232
FFA	5,392	16,992	19,964	2,420
FCCLA	460	434	600	294
Elementary student activity	5,642	6,652	3,586	8,708
National Honor Society	182	392	454	120
Cheerleader WR	270	1,927	978	1,219
Student advisory - junior high	1,058	644	396	1,306
Student council - high school	2,082	3,175	3,628	1,629

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
For the Year Ended June 30, 2015

Schedule 7

Account	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Senior class	167	267	259	175
JR/SR activity	\$ 240	\$ 296	\$ 441	\$ 95
Junior class	-	1,600	1,261	339
Sophomore class	392	2,675	1,741	1,326
Freshmen class	-	200	-	200
Prom committee	2,021	-	462	1,559
Eighth grade class	-	2,588	-	2,588
Media - elementary	1,369	963	200	2,132
Media - jr. and sr. high	1,534	695	406	1,823
6th Gr Beaver Store	1,152	1,487	1,292	1,347
Enterprise systems	-	168	168	-
Applied Econ 1	207	162	121	248
Fall canteen	-	7,665	7,665	-
Winter canteen	-	6,204	6,204	-
Spring canteen	-	2,846	2,846	-
Summer canteen	6,222	10,212	12,605	3,829
Fair concession	-	8,191	4,800	3,391
S.O.D.A.	324	-	-	324
Totals	<u>\$ 126,880</u>	<u>\$ 352,393</u>	<u>\$ 300,723</u>	<u>\$ 178,550</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

	Modified Accrual Basis									
Revenues	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Local sources										
Local tax	\$ 3,678,602	\$2,973,446	\$3,652,181	\$3,726,103	\$3,659,470	\$ 3,709,720	\$3,707,794	\$3,598,922	\$3,417,117	\$3,335,158
Tuition	496,020	441,920	394,877	449,084	411,118	379,083	402,242	383,098	477,812	450,800
Other	566,973	472,312	449,125	448,627	530,307	468,265	433,419	549,223	482,115	467,242
Intermediate sources	-	-	-	-	-	-	-	-	-	500
State sources	5,267,101	5,081,594	4,375,679	4,305,041	4,204,232	3,718,185	4,577,782	4,376,521	4,134,876	3,901,605
Federal sources	269,723	222,863	204,392	352,506	447,969	657,108	221,715	150,894	164,436	139,652
Total revenues	<u>\$10,278,419</u>	<u>\$9,192,135</u>	<u>\$9,076,254</u>	<u>\$9,281,361</u>	<u>\$9,253,096</u>	<u>\$ 8,932,361</u>	<u>\$9,342,952</u>	<u>\$9,058,658</u>	<u>\$8,676,356</u>	<u>\$8,294,957</u>
Expenditures										
Current										
Instruction										
Regular	\$ 3,237,868	\$3,416,866	\$3,348,250	\$3,332,279	\$3,400,589	\$ 3,557,978	\$3,494,816	\$3,181,829	\$3,091,111	\$3,060,762
Special	896,654	1,028,611	1,117,236	1,179,236	1,144,315	991,773	1,053,432	897,720	943,653	966,671
Other	1,392,789	1,390,636	1,322,944	1,230,735	1,064,807	1,064,915	999,252	983,326	921,757	926,696
Support services										
Student	214,162	230,460	273,825	332,524	303,467	352,485	351,388	352,716	321,797	272,911
Instructional staff	192,107	256,659	215,867	183,729	209,813	197,512	190,332	201,046	188,721	201,257
Administration	915,378	986,021	1,004,041	952,541	922,493	931,409	914,904	856,757	860,445	810,396
Operation and maintenance of plant	768,368	813,716	899,165	820,025	790,783	716,168	745,253	794,546	699,579	639,298
Transportation	290,920	369,069	259,999	264,906	341,172	306,009	407,175	364,125	321,782	314,899
Non-instructional programs	8,982	9,794	11,867	15,879	13,765	12,532	12,085	11,216	9,499	2,429
Other expenditures										
Facilities acquisition	7,515,859	809,098	262,525	260,059	137,053	172,571	975,132	243,039	198,172	41,122
Long-term debt										
Principal	410,000	-	-	175,000	350,000	1,330,000	375,000	525,000	510,000	460,000
Interest and other charges	275,004	250	-	1,125	4,278	59,834	34,489	39,746	51,546	60,965
Underwriter discount	-	97,636	-	-	-	-	-	-	-	-
Bond issuance costs	-	50,862	-	-	-	-	-	-	-	-
AEA flowthrough	311,637	308,921	299,973	298,248	331,288	334,015	313,332	292,563	281,206	262,759
Total expenditures	<u>\$16,429,728</u>	<u>\$9,768,599</u>	<u>\$9,015,692</u>	<u>\$9,046,286</u>	<u>\$9,013,823</u>	<u>\$10,027,201</u>	<u>\$9,866,590</u>	<u>\$8,743,629</u>	<u>\$8,399,268</u>	<u>\$8,020,165</u>

See accompanying Independent Auditor's Report.

Kay L. Chapman, CPA PC

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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of
Wilton Community School District:

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Wilton Community School District as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated March 3, 2016.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Wilton Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wilton Community School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Wilton Community School District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, I identified deficiencies in internal control I consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I

consider the deficiencies described in Part I of the accompanying Schedule of Findings as items A and B to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wilton Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Wilton Community School District's Responses to the Findings

Wilton Community School District's responses to the findings identified in my audit are described in the accompanying Schedule of Findings. Wilton Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Wilton Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
March 3, 2016

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2015

Part I. Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCY

- A. Segregation of Duties - The limited number of accounting personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities. I noted that for some funds, the same individual performed the following duties: recording and processing cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although I noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation - I realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review the operating procedures of the District to obtain the maximum internal control possible under the circumstances.

Response - We will review our procedures and implement changes to improve internal control, as we deem necessary.

Conclusion - Response accepted.

- B. Material Misstatements not Detected - During the course of my audit, I discovered a material misstatement on the District's Certified Annual Report (CAR) that was not detected by the District's internal controls. The District did not accrue the retainage on construction contracts of \$233,184 in the Capital Projects, Construction Fund, resulting in the expenditures and fund balance to be understated on the CAR. Also, the general long-term debt fund did not include the entries to account for pension expenses in compliance with GASB Statement No. 68.

Recommendation - An effective system of internal control should detect material misstatements in the District's financial records and financial reporting. The District should review their control procedures and make appropriate changes to improve their internal controls to help eliminate this deficiency.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2015

Response - We feel that our business manager has the knowledge needed to adequately perform her duties. The superintendent reviews some, but not all of the work performed and reports prepared by the business manager. We would like to hire additional office personnel to help with the business manager's workload and to provide more oversight and cross-checking of her work. However, with a limited budget, it is difficult to hire enough adequately-trained office personnel to review each other's work. We will review our procedures and consider making changes we deem necessary.

Conclusion - Response accepted.

Part II. Other Findings Related to Required Statutory Reporting:

1. Certified Budget - Expenditures for the year ended June 30, 2015 did not exceed the amended amounts budgeted.
2. Questionable Expenditures - I noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
3. Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
4. Business Transactions - Business transactions between the District and a District official are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Linda Duncan, board member Part owner of LNT Special Tees, Inc.	Supplies	\$4,063
Tony Hurd, board member Part owner of Integrated Technology Partners	Technology services	\$43,946
Part owner of WTC Communications	Telephone & internet services	\$50,052

The transactions with the board members' businesses appear to represent a potential conflict of interest since the totals paid to the businesses totaled more than \$2,500 (as allowed by Chapter 279.7A of the Code of Iowa) during the fiscal year.

Recommendation - The District should consult legal counsel to determine the disposition of this matter.

Response - We will review the situation.

Conclusion - Response accepted.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2015

5. Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
6. Board Minutes - I noted no transactions requiring Board approval, which had not been approved by the Board. However, it was noted that the District did not publish all bills as required by Chapter 279.36 of the Code of Iowa.

Recommendation - The District should ensure that all bills, including Student Activity, School Nutrition, Enterprise and Trust Fund bills, are published on a monthly basis in compliance with the Code of Iowa.

Response - We will review our policy regarding publication of the bills for the funds that do not contain tax dollars.

Conclusion - Response accepted.

7. Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
8. Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
9. Deposits and Investments - I noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
10. Certified Annual Reports - The Certified Annual Report was filed with the Iowa Department of Education timely; however, it contained an error in the amounts reported, as detailed in finding B.

Recommendation - The District should ensure that the CAR contains accurate amounts before it is submitted.

Response - We will ensure that the CAR is correct, as filed, in future years.

Conclusion - Response accepted.

11. Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
12. Statewide Sales, Services and Use Tax - No instances of noncompliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the

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Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 745,711
Revenues		
Statewide sales and services tax revenue	\$ 722,279	
Interest earned	<u>9,073</u>	731,352
Expenditures/transfers out		
School infrastructure		
Equipment	\$ 98,594	
School infrastructure construction	<u>308,784</u>	407,378
Ending balance		<u>\$ 1,069,685</u>

For the year ended June 30, 2015, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

13. Sharing Agreements - The District has entered into sharing agreements with the Durant Community School District for Family and Consumer Science Education, Vocational Agriculture Education, Business Education, Art Education, Transportation Management, Operations and Maintenance Management and School Counselor. Wilton Community School District holds the employment contracts for the maintenance director, vocational agriculture teacher and business education teacher. Durant Community School District holds the employment contracts for the school counselor, transportation director, art teacher and family and consumer science teacher. These sharing agreements appear to comply with Chapter 28E and Sections 257(11).5 and 280.15(1) of the Code of Iowa.

Recommendation - Although the agreements, operations and accounting relating to the sharing agreements appear to be in compliance with the Code of Iowa and Administrative Rules of Iowa Chapter 281.98 regarding operational sharing and supplemental funding, the District also needs to ensure that they are in compliance with the sharing agreements as approved by both districts. The sharing agreements entered into under Iowa Administrative Rule Chapter 281.98 for Operational Sharing require that 20% of the contracted salary and benefits be reimbursed by the non-employing district to the district holding the employment contract. It appears that the District has complied with this requirement in the agreements; however, limited time records were maintained to substantiate that the shared employees were devoting appropriate amounts of time to the non-employing district. I recommend that more detailed time records be

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maintained by the District to support the 20/80 sharing of the operations and maintenance manager, transportation manager and school counselor.

Response - We believe that we are in compliance with all applicable Code of Iowa and Administrative Rules chapters and sections, as well as the sharing agreements themselves. However, we will take your recommendation to improve the time records to better substantiate the shared services.

Conclusion - Response accepted.

14. Deficit Balances - The District had a negative unrestricted net position of \$8,702,351 in governmental activities at June 30, 2015.

Recommendation -The District should review this situation and investigate alternatives to eliminate this deficit in order to return the account to a sound financial condition.

Response – This deficit is due to the pension liability and deferred inflows required by GASB Statement No. 68, as well as much of The District’s resources being invested in capital assets.

Conclusion – Response accepted.

WILTON COMMUNITY SCHOOL DISTRICT
Audit Staff
June 30, 2015

This audit was performed by

Kay Chapman, CPA
Terri Slater, staff accountant